

General Purchasing Guidelines (Goods & Services)

The Purchasing Department has developed this guide to clarify many of the State laws/rules regarding purchasing, as well as internal policies and procedures. It is the responsibility of our department to ensure compliance with all applicable State laws and City ordinances. This guide is intended to be an overview of procurement, focusing on the Purchase of Goods & Services. There may be times the Chief Procurement Officer requires stricter adherence to certain items, but those will be communicated as needed. If there are ever any questions, please don't hesitate to ask, it is much easier to correct problems before they happen than after.

The majority of purchases fall into General Goods & Services. The following is a general breakdown of Chapter 30B (Massachusetts General Law) regarding goods and services purchasing:

- Procurement of Supplies & Services: Chapter 30B
 - Any supply or service, unless expressly exempt from the requirements of Ch. 30B (33 listed exemptions like Labor Relations, Doctor/Dentist, CPA, Lawyer, Engineer)
 - Procurement Thresholds:
 - Less than \$10,000: "Sound Business Practices"
 - Sound Business Practices should include at least periodically checking prices and it should be stated; getting three quotes is the best practice for ensuring best price.
 - Between \$10,000 > \$35,000: "Solicit Three Quotes" the law requires that you solicit, not receive three quotes. When requesting quotes it is best to develop a scope of work or product description, and distribute that to all vendors. To be a valid quote the vendor must be in a similar line of work and be capable of doing the work.
 - Greater than \$35,000: "Formal Bid Process" - Invitation for Bids or Request for Proposals.
 - Requires advertisement in Chelsea Record and Goods and Services at least two weeks before bid opening
 - Only Chief Procurement Officer can authorize the use of an RFP
 - Bid Splitting: Is the intentional subdivision of purchases to avoid bidding laws and is illegal.

Please note there are several other major procurement laws (Chapter 30 39M – Public Works Construction & Chapter 149 – Public Building Construction). For both the applicable standard of use is "Construction, reconstruction, installation, alteration, demolition, maintenance or repair of any public work/building". Some examples of when these might become the applicable procurement law:

- Installing, Repairing or Maintaining a new alarm/security system, camera or light fixture, electrical outlet/equipment and you break the surface of an existing wall
- Anything involving an Electrician, Plumber, Carpenter, Painter
- Moving services & Office furniture installation
- Delivery of a good for use on a construction site, (for example jersey barriers, fill material, etc.)
- **If you are not sure, ASK THE PROCURMENT OFFICER, before work is done**

One major difference between quotes requirements is that Public Works & Public Building Construction Projects require these additional steps, "If the estimated contract cost is between \$10,000 and \$25,000, you are required to seek written responses from contractors through public notification of the contract at least two weeks before the deadline for receiving responses. The solicitation must include a scope of work statement that defines the work to be performed and provides prospective offerors with sufficient information regarding your jurisdiction's objectives and requirements as well as the time period in which the work is to be completed.

Your solicitation should include the labor harmony and OSHA training certifications discussed in the previous chapter and the prevailing wage rate sheet for the project.”

State Contracts:

CommBuys: All current State contracts can be found at www.commbuys.com. State contracts can be used in any amount (as allowable by each individual contract) with the exception of the FAC Tradesperson contracts (which cap at \$10,000, please note these contract expire 12/31/2014 and will not be replaced).

Each State Contract is different and as such has different usage rules associated with them. Some State Contracts still require you to solicit three quotes, some don't. Each State Contract has a contracts user guide that explains more about each contract. Because something is on State Contract, it does not override other requirements. For example several State Contracts require the use of Prevailing Wages. Each department should become familiar with contract they use to better facilitate the procurement process.

Other Authorized Co-Operative Purchasing Agreements: Additionally, the City can use co-operative purchasing agreements as part of: MHEC (Mass Higher Education Consortium), MAPC (Metropolitan Area Planning Council) which has contract for; Greater Boston Police Council, Public Works Consortium and Fire Chiefs Association, Plymouth County Commissioners (Vehicles Contract), GSA (General Services Administration) – Schedule 70 (IT) & 84 (Security and Law Enforcement) & NJPA (National Joint Powers Alliance).

Sole Source: “Sole Source” procurement is a purchase of supplies or services without advertising or competition. Only the Chief Procurement Officer can determine in writing Sole Source Purchasing. Department should fill out the “Determination of Vendor as a Sole Source” and submit for approval by the purchasing department.

- Sole Source – Under \$35,000
 - Sole source procurements may be made when a reasonable investigation shows there is only one practical source for the required supply or service.
- Sole Source – Over \$35,000
 - ONLY procurements for software maintenance, library books, educational materials and utilities can be done using sole source procurement over \$35,000.
 - Even if you determine ONLY ONE VENDOR exists, if the procurement amount exceeds \$35,000 (and is not exempted), it must go through a “Formal Bid Process”
- Examples of things that are not Sole Source:
 - Last Vendor has quality issues, therefore we must only use vendor X
 - We would prefer to use this vendor, can we just call them a sole source

Prevailing Wages: Required for all public works and public building projects REGARDLESS of the cost of the contract. If prevailing wages are required the purchasing office will request them from the State.

If Prevailing Wages are required for a project, it is the responsibility of the DEPARTMENT to ensure receipt of the certified weekly payroll reports and to verify all the information is correct before processing payments.

Purchasing Instructions

PO Requisition Process: All PO Requisitions are to be placed in the designated bins located next to the photocopier in Room 206. Please note, do not put requisitions on either of the desks in the purchasing office. All requisitions must have adequate back-up (quotes, state contract information, etc).

Steps:

1. Encumber funds from the appropriate line
 - a. If you are using multiple funding sources/account numbers, use one line for each funding source/account number (do not sequence them together, because if changes are ever needed Purchasing cannot adjust the purchase order)
2. Choose a correct vendor.
 - a. When selecting a vendor, please verify the amount spent for the current Fiscal Year.
 - i. If the collective sum is over \$10,000, provide 3 written quotes, this will have to become a written contract.
 1. Quotes should be solicited even when not required for most purchases to ensure the best value
 - ii. If the collective sum greater than \$35,000, we may need to go out to bid
 - iii. All cooperative purchases and State Contracts will not count in the collective sum (as those purchases have already been through a competitively bid process)
3. Detailed description of what you are purchasing
4. Attach back-up info (if paying membership dues, please provide the terms of the membership. All memberships can only be paid for the current FY with the appropriate funds)
5. Make sure requisition is signed and dated by the Department Head
6. If requisitions are missing important information, signatures, quotes and or contract info, they will be rejected and returned back to the appropriate department

Also note if purchasing off a State Contract please additionally follow these steps:

- List the State Contract/Coop Purchasing Number on all requisitions
- Have the Vendor reference the State Contract number on all associated invoices/quotes
- All departments should familiarize themselves with the State Contracts they use to ensure compliance

Contracts: All individual procurements over \$10,000 require a written contract, for all smaller procurements the Purchase Order constitutes the contract.

- All Departments (GOODS ONLY):
 - PO \$1-\$9,999 (Purchase Order must be given to Vendor as it becomes the contract)
 - PO Contract \$10,000-\$34,999 (Mass Tax Compliance, Non-Collusion, Corporate Authority, State Ethics Compliance & Certificate of Insurance)
 - Each time a PO Contract is done please get a new set of PO Contract documents – Originally signed desirable
 - Standard City Contract over \$35,000 – Contract will be produced by the Procurement Office
- All Departments (SERVICES):
 - PO \$1-\$9,999 (Purchase Order must be given to Vendor as it becomes the contract)
 - NEW TERMS & CONDITIONS CONTRACT – For select services, as-needed (Terms & Conditions Page, Mass Tax Compliance, Non-Collusion, Corporate Authority, State Ethics Compliance & Certificate of Insurance)
 - Will be produced by the Procurement Office
 - Standard City Contract over \$10,000 – Contract will be produced by the Procurement Office

The limits on procurement are all cumulative, meaning all purchases for each vendor/supply/service are combined (City and Schools) for each Fiscal Year.

- Under \$10,000 – Sound Business Practices
- From \$10,000 - \$35,000 – Solicit Three Quotes
- Over \$35,000 – Sealed Bid

Contract requirements (Both Purchase Order Contracts & the standard City Contract over \$10,000):

- Standard City Contracts & Terms and Conditions Contracts require (3) three copies
- Purchase Order Contracts require (1) one copy
- All Contracts must be **original** signed (copies are only acceptable in a limited number of cases)
- In cases under \$10,000 the Purchase Order becomes the Contract. Each Purchase Order has terms and conditions on the back that constitute the Contract.
 - Purchase Orders should be mailed out to each Vendor to ensure there is an agreement in place for each purchase
 - NO work should be done (goods received) until a Purchase Order is in place.
- When City's Standard Contract is used, after execution; one copy will be kept by Purchasing, one by the department and one goes to the vendor (it is the Departments responsibility to mail out the Vendors copy.
- All contracts are to come from the Procurement Office. Departments shall not do their own contracts.
- All questions regarding changes/additions/waivers of contract language and/or requirements must come through the Procurement Office. They will be passed on to Law as needed.
 - Do not allow the Vendor to mark-up and change the contract themselves.